98-178

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(1) LOCKBOX # 358145

FEDERAL COMMUNICATIONS COMMISSION

REMITTANCE ADVICE

PAGE NO. 1 OF 1

APPROVED BY OMB 3060-0589

SPECIAL USE

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FCC/MELLON SEP 14 1998

SECTION A - PAYER INFORMATION

(2) PAYER NAME (if paying by credit card, enter name exactly as it appears on your card): Sidley & Austin	(3) TOTAL AMOUNT PAID (dollars and cents): $ 780.00
(4) STREET ADDRESS LINE NO. 1: c/o Mark Schneider	
(5) STREET ADDRESS LINE NO. 2: 1722 Eye Street, N.W.	
(6) CITY: Washington	(7) STATE: DC / (8) ZIP CODE: 20006
(9) DAYTIME TELEPHONE NUMBER (include area code): 202-736-8058	(10) COUNTRY CODE (if not in U.S.A.):

IF PAYER NAME AND THE APPLICANT NAME ARE DIFFERENT, COMPLETE SECTION B
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C)

SECTION B - APPLICANT INFORMATION

(11) APPLICANT NAME (if paying by credit card, enter name exactly as it appears on your card): AT&T	
(12) STREET ADDRESS LINE NO. 1: 32 Avenue of the Americas	
(13) STREET ADDRESS LINE NO. 2:	
(14) CITY: New York	(15) STATE: NY / (16) ZIP CODE: 10013
(17) DAYTIME TELEPHONE NUMBER (include area code): 212-387-4000	(18) COUNTRY CODE (if not in U.S.A.):

COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEETS (FORM 159-C)

SECTION C - PAYMENT INFORMATION

FCC CALL SIGN/OTHER ID	PAYMENT TYPE CODE (PTC)	QUANTITY	FEE DUE FOR (PTC) IN BLOCK 20	FCC USE ONLY
(19A) N/A	(20A) C U T	(21A) 1	(22A) $ 780.00	
(23A) FCC CODE 1:	(24A) FCC CODE 2:			
(19B)	(20B)	(21B)	(22B) $	
(23B) FCC CODE 1:	(24B) FCC CODE 2:			
(19C)	(20C)	(21C)	(22C) $	
(23C) FCC CODE 1:	(24C) FCC CODE 2:			
(19D)	(20D)	(21D)	(22D) $	
(23D) FCC CODE 1:	(24D) FCC CODE 2:			

SECTION D - TAXPAYER INFORMATION (REQUIRED)

(25) PAYER TIN 0 3 6 2 1 5 8 6 9 4

(26) COMPLETE THIS BLOCK ONLY IF APPLICANT NAME IN B-11 IS DIFFERENT FROM PAYER NAME IN A-2)
APPLICANT TIN 0 1 3 4 9 2 4 7 1 0

SECTION E - CERTIFICATION

(27) CERTIFICATION STATEMENT
I, Mark D. Schneider (PRINT NAME) Certify under penalty of perjury that the foregoing and supporting information are true and correct to the best of my knowledge, information and belief. SIGNATURE Mark D. Schneider

SECTION F - CREDIT CARD PAYMENT INFORMATION

(28) MASTERCARD / VISA
MASTERCARD/VISA ACCOUNT NUMBER:
EXPIRATION DATE: MONTH YEAR

I hereby authorize the FCC to charge my VISA or MASTERCARD for the service(s)/authorization(s) herein described

AUTHORIZED SIGNATURE DATE

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Tele-Communications, Inc.	)	File No. I-T-C-98-_____
	)	
Transferor,	)	
	)	
AT&T Corp.	)	
	)	
Transferee,	)	
	)	
Application for Authority Pursuant to	)	
Section 214 of the Communications Act	)	
of 1934, as amended, for Transfer of	)	
Control of Authorizations to Provide	)	
International Resold Communications Services	)	

APPLICATION FOR AUTHORITY TO TRANSFER CONTROL

Pursuant to Section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, and Section 63.18 of the FCC's Rules, 47 C.F.R. § 63.18, Tele-Communications, Inc. ("TCI") and AT&T Corp. ("AT&T") hereby request authority to transfer control of TCI's Section 214 authorizations to AT&T. TCI, through its subsidiaries, currently holds Section 214 authority to operate as an international resale carrier between the United States and certain foreign points. *See* File No. I-T-C-96-528, granting Western Tele-Communications, Inc./Retail Sales Group ("WTC/RSG") authority to operate as a reseller of international switched services; File No. I-T-C-97-442, granting TCI Telephony Services of California, Inc. ("TCI-CA"), authority to provide international resale services; File No. I-T-C-97-441, granting TCI Telephony

Services of Connecticut, Inc. ("TCI-CT"), authority to provide international resale services; File No. I-T-C-97-457, granting TCI Telephony Services of Texas, Inc. ("TCI-TX"), authority to operate as an international resale carrier; and File No. I-T-C-97-458, granting TCI Telephony Services of Illinois, Inc. ("TCI-IL"), authority to operate as an international resale carrier. By the instant application, TCI and AT&T request that the FCC consent to the transfer of control to AT&T of TCI's Section 214 authorizations, namely the Section 214 authorizations held by WTC/RSG, TCI-CA, TCI-CT, TCI-IL, and TCI-TX.

This application is being filed in connection with a series of applications seeking the approval of the Commission to the transfer of control of FCC authorizations held by TCI, and entities controlled by TCI to AT&T.[1] The applications are being filed pursuant to an Agreement and Plan of Restructuring and Merger, dated as of June 23, 1998 (the "Agreement").[2] Through the use of facilities that are the subject of its FCC authorizations and licenses, TCI owns, operates, controls and has interests in various cable television systems throughout the United States. Although specific applications seeking FCC consent to the transfer of control of these authorizations are being filed on the appropriate FCC forms for each service, the proposed transactions and public interest considerations supporting the FCC's approval of the applications

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[1] The FCC authorizations controlled by TCI for which FCC consent is currently being sought include licenses in the cable television relay service, satellite transmit and receive earth station service, microwave service, private radio service and international common carrier service.

[2] The Agreement is among AT&T, Italy Merger Corp., a direct wholly-owned subsidiary of AT&T ("Merger Sub"), and TCI, with respect to the merger of TCI with and into AT&T's Merger Sub (the "Merger"). AT&T and TCI will file a copy of the Agreement in the docket for this proceeding established by the FCC.

are constant throughout each application. As the public interest showing below clearly demonstrates, the Merger will foster new facilities-based competition in the provision of local telephone service and result in the provision of new and enhanced services to the public without reducing competition in any service or market.

Under the terms of the Agreement, and following a reorganization of certain of TCI's assets, AT&T will become the parent company of TCI. TCI will continue to exist as a wholly-owned subsidiary corporation of AT&T, and all the common stockholders of TCI will exchange their shares of TCI common stock for shares of AT&T common stock. Specifically, AT&T will create Merger Sub, a wholly-owned subsidiary which does not hold any FCC authorizations, and will merge that company with and into TCI, with TCI being the surviving company of its merger with the subsidiary. Following the Merger, each issued and outstanding share of TCI common stock will be converted into a right to receive shares of AT&T, including, in particular, shares of certain tracking stocks. The authorizations and licenses held by TCI subsidiaries will continue to be held by those subsidiaries, as controlled by AT&T.

I. DESCRIPTION OF THE TRANSACTION.

A. The Merger Parties.

AT&T. AT&T is the largest provider of domestic and international long distance telephone service in the United States and operates in more than 250 countries and territories around the world. AT&T provides these long distance communications services to residential, business and government customers. In addition to its long distance services, AT&T's other communications services include local telephone, wireless and Internet access services. AT&T's total revenues from its communications services amounted to $51.3 billion in 1997.[3]

AT&T primarily provides domestic and international long distance service to residential and business customers nationwide. In 1997, AT&T earned $46.2 billion in revenue from its long distance services, including $22.2 billion from business long distance service and $24 billion from residential long distance service. Its combined revenues from these long distance services represented approximately 90% of its total of $51.3 billion in revenues from communications services.

Prior to its acquisition of Teleport, AT&T provided local telephone service -- local exchange and exchange access services -- on a very limited basis. As the FCC concluded in Teleport, AT&T provides local telephone service to a "relatively small" number of business and residential customers.[4] In 1997, for example, AT&T's total revenues for its local telephone

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[3] The following description of AT&T's communications services will be supplemented by AT&T's 1997 Annual Report and 1997 Form 10-K filed with the Securities and Exchange Commission on March 27, 1998, copies of which will be filed in the docket for this proceeding established by the FCC. AT&T's provision of communications services and qualifications to be an FCC licensee also are a matter of record before the FCC, having been addressed within the last several months at the time AT&T sought approval for its acquisition of Teleport Communications Group, Inc. ("Teleport"). See Teleport Communications Group Inc., and AT&T Corp., FCC 98-169, released July 23, 1998 ("Teleport"), at ¶¶ 3-7.

[4] Teleport, FCC 98-169, at ¶ 4.

services were only approximately $68 million, notwithstanding expending in excess of $3 billion in its attempt to provide local service. AT&T currently provides residential local telephone service by purchasing and reselling service from other facilities-based local exchange companies, including primarily incumbent local exchange carriers ("ILECs"). AT&T currently provides such resale service to approximately 325,000 residential customers in 8 states.[5] AT&T has curtailed its active marketing of resold local residential exchange services, and has an attrition rate among its local residential customers of approximately three percent (3%) per month.

Prior to its merger with Teleport, AT&T also provided or planned to deploy facilities-based local calling services directed primarily to large and medium-sized businesses. AT&T provides one such local telephone service directed toward large business customers called "AT&T Digital Link" ("ADL"). As of August of 1998, through its ADL service, AT&T provides limited outbound and inbound service to its business customers in 10 states.[6] AT&T's revenues from its ADL service were approximately $26 million for the first half of 1998. Additionally, AT&T initially had planned to deploy synchronous optical equipment-based facilities ("SONET Rings") in a limited number of areas to provide local exchange and exchange access service to its business customers. After two years and $150 million in expenditures on its first market,

[5] In the Continental United States, these states are California, Connecticut, Georgia, Illinois, Michigan, New York and Texas. AT&T does not provide residential service to more than 100,000 customers in any state; in Illinois, AT&T serves less than 65,000 customers. In 1997, AT&T's revenue from its residential local service did not exceed $10 million in any state; in Illinois it was approximately $8.7 million. AT&T also provides limited local service in Alaska.

[6] These ten states are California, Connecticut, Florida, Georgia, New Jersey, New York, North Carolina, Pennsylvania, Tennessee and Texas. AT&T provides outbound local calling service, with no service offering regarding inbound traffic, in an additional 32 states.

Chicago, AT&T recognized only a limited footprint in Chicago, with four customers and a projected 1998 revenue of less than $1 million.

On July 23, 1998, pursuant to prior Commission consent, AT&T acquired Teleport, the nation's largest competitive local exchange carrier ("CLEC"), primarily to address entry into the local exchange and exchange access market for business customers. At the time of its acquisition, Teleport had initiated the development of local telephone networks in 83 metropolitan areas in approximately 28 states throughout the United States.[7] From these operations, Teleport had earned revenues of $494.3 million in 1997.[8] At the time of the merger of Teleport and AT&T, Teleport served approximately 16,500 buildings nationwide. Less than 100 of these buildings, however, were multiple dwelling units, and, at the time of its acquisition, Teleport provided residential local telephone service to only 12,000 customers nationwide.[9]

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[7] These states include Alabama, Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Kansas, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New York, New Jersey, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Utah, Washington and Wisconsin. The following description of Teleport's services will be supplemented by its 1997 Annual Report and 1997 Form 10-K filed with the Securities and Exchange Commission on March 9, 1998, copies of which will be filed in the docket for this proceeding established by the FCC.

[8] Teleport earned approximately $163 million in revenue in New York, $55 million in revenue in California and $29 million in revenue in Illinois.

[9] AT&T also provides Internet access service to approximately 1.25 million customers through AT&T WorldNet Service, a service introduced by AT&T, and CERFNet, a service acquired with Teleport. AT&T WorldNet and CERFNet provide access to the Internet to residential and business customers through dial-up and dedicated connections.

AT&T also provides wireless mobile telephone services in the United States, through its ownership and operation of AT&T Wireless Services, Inc. ("AT&T Wireless"). Currently, through its cellular and personal communications service offerings, AT&T Wireless serves approximately 6.6 million customers with revenue in 1997 of approximately $4.4 billion. AT&T Wireless serves numerous metropolitan markets, and its top ten markets in terms of customers served are New York City, Miami, Dallas, Seattle, Pittsburgh, Minneapolis, Portland, Tampa, Denver and Sacramento.

TCI. TCI, through its subsidiary TCI Communications, Inc. ("TCI-C"), is one of the largest providers of cable television service in the United States, and delivers a wide range of video products, including local broadcast stations; national, regional, and local cable programming services; premium movie and pay-per-view channels and sports programming services to homes and businesses nationwide.[10] In addition, TCI, through its Liberty Media Group and the TCI Ventures group, holds interests in companies that produce video programming services and that provide content-enriched high-speed Internet data services. TCI's total revenues for 1997 amount to approximately $7.6 billion.

[10] The following description of TCI's services and investments will be supplemented by its 1997 Annual Report and 1997 Form 10-K filed with the Securities and Exchange Commission on March 27, 1998, copies of which will be filed in the docket for this proceeding established by the FCC.

Through subsidiaries under its control, TCI-C provides cable television service to approximately 12.7 million customers, passing approximately 20.9 million homes.[11] TCI-C also holds minority interests in, or is a party to joint ventures with, other cable television operators. These non-controlled entities provide cable television service to approximately 7.5 million additional customers, and pass approximately 13.2 million additional homes. TCI-C's revenues from its cable television operations totaled approximately $5.8 billion in 1997, approximately 76% of TCI's total revenue for that year.

TCI provides virtually no long distance telephone service[12] and is engaged in limited tests of local exchange service. TCI's local exchange operations are offered only on a trial basis. TCI currently provides such local exchange service to approximately 4,724 residential customers in the communities of San Jose, California; Dallas, Texas; Hartford, Connecticut and Arlington Heights, Illinois, with the majority of those customers located in Hartford. TCI has proposed to dispose of its interest in its cable operations and ancillary local telephone operations in Hartford, Connecticut, in a transaction with Cablevision Systems Corp.,[13] and had no current plans to expand its telephony operations prior to the proposed Merger. In 1997, TCI's total revenues for local exchange services were less than $1 million. TCI also operates common

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[11] TCI's reports regarding the number of customers it serves and the number of homes passed by its cable television systems is based upon the most conservative interpretation of the FCC's ownership attribution rules.

[12] One of TCI's subsidiaries, WTCI, provides a limited amount of business long distance service in Wyoming on a resale basis.

[13] The parties have entered into a letter of intent and are currently negotiating definitive documents regarding this proposed transaction.

carrier microwave services, which are used primarily to provide for carrier-to-carrier services and video backhaul transport in 18 states. These operations include service to 275 customers and generated approximately $36 million in revenue in 1997.

TCI, through the Liberty Media Group, also holds interests in various companies that provide video programming. These companies include: Discovery Communications, Inc.; USA Networks; BET Holdings, Inc.; Fox/Liberty Networks, LLC; QVC, Inc.; MacNeil/Lehrer Productions and Encore Media Group. TCI, through the TCI Ventures Group, also indirectly holds an approximately 39% equity interest and approximately 71% voting interest in @Home, which provides content enriched Internet cable services over cable television infrastructure. Having begun commercial operation in September 1996, @Home's primary offering allows residential subscribers to connect their personal computers via cable modems to a new high-speed broadband network that uses a hybrid fiber-coaxial cable ("HFC") plant to transmit data at higher speeds than typical dial-up services. The @Home service is an "always on" connection and provides unique local and national multimedia programming content and data services. By mid-1998, approximately 8 million homes had access to the HFC plant required for the delivery of @Home's service.[14] As of August 1998, @Home had launched its service in portions of 35 cities and communities in the United States and Canada and had approximately 147,000 subscribers. During this same period, @Home's accumulated deficit had risen to approximately $94 million.

[14] @Home currently has entered into distribution arrangements with 15 cable companies that serve approximately 58.5 million homes in the United States and Canada. These cable companies are TCI, Cox, Cablevision Systems Corp., Comcast, Rogers, Shaw, InterMedia Partners, Jones Intercable, Garden State Cable, Century Communications, Marcus Cable, Bresnan Communications, Insight Communications, Cogeco Cable and Lenfest Communications.

Finally, TCI, through the TCI Ventures Group, currently holds minority interests in certain partnerships (collectively, "Sprint Spectrum") which provide personal communications services ("PCS") under the Sprint brand of Sprint Corp. ("Sprint").[15] TCI, Sprint, and the other parties in Sprint Spectrum, have agreed upon a restructuring of Sprint Spectrum pursuant to which Sprint Spectrum would be contributed to Sprint in exchange for a new class of Sprint common stock to be designated as "Sprint PCS Tracking Stock."[16] Sprint currently intends to sell Sprint PCS Tracking Stock in a public offering. In connection with the restructuring, TCI will receive registration rights for its Sprint PCS Tracking Stock. As a result, following the expiration of any "standstill" or "lock-up" period, TCI would be in a position to sell its Sprint PCS Tracking Stock into the public markets.[17]

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[15] At present, TCI, through its subsidiary TCI Spectrum, holds a 30% interest in the limited partnership Sprint Spectrum Holding Co. L.P. ("Sprint Holdings"). Sprint, through its subsidiary, Sprint Enterprises, holds a 40% interest in Sprint Holdings. The remaining 30% interest in Sprint Holdings is split equally between Cox Telephony Partnership (a Cox subsidiary) and Comcast Telephony Services (a Comcast subsidiary). The same partners hold identical interests in MinorCo, L.P. ("MinorCo") which holds the remaining 1% interest in Sprint PCS. Sprint Holdings and MinorCo in turn own 99% and 1% interests respectively, directly and indirectly. Sprint Holdings also owns a 99% interest in a series of operating subsidiaries, through which the PCS network known as "Sprint PCS" operates. In a separate venture, TCI, through its subsidiary TCI Philadelphia Holdings, Inc., owns a 35.3% interest in two partnerships, PhillieCo I and PhillieCo II (together "PhillieCo," and together with Sprint Holdings, the "Sprint Ventures"). Sprint Enterprises, in turn, owns a 47.1% interest in PhillieCo. The remaining interest (17.6%) is owned by Cox, through its subsidiary, Cox Communications Wireless, Inc.

[16] In 1995, Sprint, TCI and other cable partners considered building a national wireless and wireline telephone network, utilizing PCS technology and cable network infrastructure to offer local telephone and specialized data transmission services. In early 1996, however, Sprint Spectrum decided to focus solely on providing wireless telephony services. As a result, the existing cable local loop facilities were no longer integral to the venture's business plan. In May 1998, Sprint and the cable partners, including TCI, therefore agreed to the restructuring plan.

[17] In addition to reducing TCI's interest in Sprint's PCS ventures and ensuring that TCI will not (continued...)

Sprint already has sought and obtained FCC consent to the initial phases of this restructuring.[18] Assuming the restructuring is consummated prior to the Merger, TCI's interest will have been restructured such that it would own approximately 23.8% of the outstanding shares of Sprint PCS Tracking Stock, which shares would have only approximately 2.38% of the voting power of Sprint PCS Tracking Stock. TCI's shares of the Sprint PCS Tracking Stock would constitute less than a 1% voting interest in Sprint's outstanding capital stock.

B. Description of the Merger.

Pursuant to the Agreement, TCI will merge with AT&T's Merger Sub. In connection with the Merger, the assets and businesses of AT&T and TCI (the "Merger Parties") will be attributed to either of two groups: the Liberty Media Group or the Common Stock

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[17] (...continued)
be actively involved in those ventures, the restructuring increases the liquidity of TCI's investment while giving Sprint access to the equity markets as an alternate source of funds for the considerable capital investment that is still needed to buildout its PCS network. Requiring Sprint to redeem TCI's interests for cash or other considerations immediately necessarily would have reduced the investment that Sprint could commit to developing its PCS service. Similarly, TCI's sale of its PCS stock in a short period following the restructuring would greatly increase the amount of stock being offered in the marketplace and could create an amount of available stock in the public market that would impair Sprint's own ability to issue new PCS stock as a source of capital. Either requirement would have an adverse effect on Sprint's ability to raise the capital necessary to build out the PCS network, and thus necessarily would undermine the public policy objective of promoting competition in the mobile telecommunications marketplace.

[18] See Public Notice, Report No. LB-98-54, released July 17, 1998; Public Notice, Report No. LB-98-65, released August 31, 1998.

Group. The Liberty Media Group will continue to hold, among other things, its video programming businesses and TCI's minority interest in Sprint's PCS ventures.[19]

The Common Stock Group initially will consist of what is now AT&T and TCI's cable television, telephone and Internet businesses. Subsequent to the Merger, AT&T plans to create a third group, the "AT&T Consumer Services Company" ("AT&T Consumer Co"), that will include the cable television, local residential telephone, domestic long-distance residential telephone, international residential telephone and residential Internet businesses, along with AT&T's consumer residential wireless mobile communications business. The Common Stock Group will continue to reflect the remainder of AT&T's current network and business services.[20]

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[19] Prior to the Merger, and subject to shareholder approval, TCI plans to combine its Liberty Media Group with its TCI Ventures Group, whereby each outstanding share of Ventures will be exchanged for .52 shares of Liberty. Subsequently, TCI will combine the business operations of the two groups, and the new combined group will be called Liberty Media Group. Immediately prior to the merger, the new Liberty Media Group (reflecting the combined businesses of Liberty Media and TCI Ventures) will transfer its investment in @Home, the National Digital Television Center and its ownership of Western Tele-Communications, Inc., to the TCI Group. Although AT&T will be the legal owner of the assets and the businesses of the Liberty Media Group, the businesses of the Liberty Media Group will continue to be managed by the managements of Liberty and Ventures that are in office prior to the Merger. Such management will have substantial control of the business and affairs of the Liberty Media Group following the merger as a result of agreements negotiated in connection with the Merger.

[20] AT&T stockholders will be asked to approve amendments to the AT&T Charter to authorize new "tracking stocks" in connection with the Merger; one of which is intended to reflect the performance of the assets and businesses of the Liberty Media Group. Subsequent to the Merger, AT&T plans to create another "tracking stock" to reflect the performance of AT&T Consumer Co. "Tracking stock," a device which has been used for approximately 15 years, is typically issued by diversified corporations. Although it is common stock of the parent issuer, it is intended to reflect the businesses and assets of a distinct business segment or group of assets of the issuer. The underlying business or asset tracked by the stock is commonly referred to as a "group," as in the "Liberty Media Group." AT&T's use of tracking stock will allow the public to invest

(continued...)

In structuring this transaction, one of the intentions of the Merger Parties was to separate the performance of the Liberty Media Group's businesses from those of AT&T's other businesses. This will be reflected in the composition and structure of the management and the board of directors of post-Merger AT&T, as well as in other aspects of the transaction. Mr. C. Michael Armstrong, who is AT&T's Chairman and CEO, will remain Chairman and CEO of AT&T. Mr. John Zeglis, who is currently AT&T's President, and Mr. Leo J. Hindery, Jr., who is TCI's current President, are expected to become Chairman and President, respectively, of AT&T Consumer Co. On a day-to-day basis, the Liberty Media Group will continue to be managed by its current management. Dr. John C. Malone, TCI's current Chairman and CEO, will serve as Chairman of the Liberty Media Group. Mr. Robert R. Bennett, currently President and CEO of Liberty Media Corporation, will be President and CEO of the Liberty Media Group.

Several factors will facilitate the Liberty Media Group's operational independence. First, for at least the first seven years after the Merger, directors appointed by TCI prior to the Merger will make up a majority of the Board of Directors of Liberty Media Corporation ("LMC"), through which substantially all of the Liberty Media Group's business will be managed. Second, members of the LMC Board cannot be removed by AT&T (which indirectly will be the sole stockholder of LMC following the Merger), except for cause. Third, after consummation of the Merger, AT&T's Board of Directors will increase in size by one member. AT&T has agreed that this additional director (who initially will be Dr. Malone) will be a person who, by virtue of

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[20] (...continued)
selectively, and to evaluate separately, the discrete businesses of the Liberty Media Group, AT&T Consumer Co and the Common Stock Group.

his or her background and experience, will understand and reflect issues of concern to the Liberty Media Group and the holders of Liberty Media Group tracking stock.[21] Fourth, AT&T's Board also will establish a Capital Stock Committee, which will have three members, one of whom will be the Liberty Representative and the other two of whom will be independent directors of AT&T who are not affiliated with AT&T's management.[22] Fifth, AT&T will adopt a policy statement that its cash dividend policy will be to distribute, subject to the limitations in the AT&T Charter, dividends and distributions received by AT&T from businesses included in the Liberty Media Group to the holders of AT&T Liberty Media Group tracking stock. Sixth, certain inter-group liabilities, obligations and other inter-group relations will be limited by contract, which will act as a "firewall" between the groups. Finally, the Agreement and underlying Merger-related documents expressly provide that the Liberty Media Group and the Common Stock Group can compete with each other in their lines of business and have no obligation to provide financial support or share corporate opportunities with each other. Although the Merger therefore will allow AT&T to integrate its telecommunications business with TCI's cable networks and thereby build a facilities-based local residential telecommunications network, the structure of the transaction specifically will establish and preserve the Liberty Media Group as a separately managed business group engaged in its current video programming businesses and any other business it elects to enter.

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[21] This director is hereafter referred to as the "Liberty Representative."

[22] The AT&T Board will delegate authority to the Capital Stock Committee to interpret, make determinations under and oversee the implementation of key policies, including a "fair dealing" standard that governs dealings among the three groups.